NEARMAP LTD
HALF YEAR REPORT
APPENDIX 4D

HALF YEAR ENDED 31 DECEMBER 2018

Nearmap Ltd
ABN 37 083 702 907
Lodged with the ASX under Listing Rule 4.3A

APPENDIX 4D
HALF YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Name of entity:	Nearmap Ltd
ABN:	37 083 702 907
Reporting period:	Half year ended 31 December 2018
Previous corresponding period:	Half year ended 31 December 2017
Release date:	20 February 2019

				A$'000
Revenue	Up	45%	To	35,486
Loss from ordinary activities after tax attributable to members	Down	70%	To	1,974
Net loss for the period attributable to members	Down	70%	To	1,974

	31 DECEMBER 2018	**31 DECEMBER 2017**
Net tangible assets per share (cents)[1]	13.9	1.9

[1]Net assets minus Intangible assets minus Net deferred tax liabilities divided by number of shares outstanding at the end of the period

DIVIDENDS
Nearmap Ltd has not proposed to pay any dividends for the half year ended 31 December 2018.

COMMENTARY AND OPERATIONAL OVERVIEW
For a discussion on the items above refer to the Review and Results of Operations section contained in the Directors' Report.

DIRECTORS' REPORT

Your Directors submit their report, together with the consolidated financial statements of the Group (referred to hereafter as "Nearmap") consisting of Nearmap Ltd and the entities it controlled at the end of, or during the half year ended 31 December 2018.

DIRECTORS

The Directors of the Company at any time during or since the end of the half year and up to the date of this report are:

Mr Peter James	Non-Executive Chairman
Mr Ross Norgard	Non-Executive Director
Mr Cliff Rosenberg	Non-Executive Director
Mr Ian Morris	Non-Executive Director
Ms Sue Klose	Non-Executive Director
Dr Rob Newman	Managing Director

REVIEW AND RESULTS OF OPERATIONS

For the six months to 31 December 2018, Nearmap reported revenue of $35,486k, up 45% on corresponding prior half year revenue of $24,413k. Total subscription revenue increased by 44%, up to $35,138k from $24,364k, reflecting continuing strong growth in both Australia and the US.

Nearmap's net loss after tax for the half year to 31 December 2018 was $1,974k, a 70% decrease on the prior half year loss of $6,500k.

Nearmap's balance sheet remained strong with no debt and a closing cash balance at 31 December 2018 of $81,333k (30 June 2018: $17,530k). This includes the net proceeds of a fully-underwritten $70m capital placement to institutional investors in September 2018.

ROUNDING OFF

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

AUDITOR'S INDEPENDENCE DECLARATION

KPMG, our auditor, have provided a written independence declaration as required under section 307C of the Corporations Act 2001 to the directors in relation to their review for the half year ended 31 December 2018. This independence declaration forms part of the Directors' Report and can be found at page 3.

Signed in accordance with a resolution of the Directors.

Dr Rob Newman
CEO & Managing Director
Sydney, 20 February 2019

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Nearmap Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Nearmap Ltd for the half-year ended 31 December 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Caoimhe Toouli

KPMG

Caoimhe Toouli
Partner

Sydney
20 February 2019

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	NOTES	31 DECEMBER 2018 $'000	31 DECEMBER 2017 $'000
Revenue		35,486	24,413
Other income		826	264
TOTAL REVENUE AND OTHER INCOME	3	36,312	24,677
Employee benefits expense		(16,221)	(14,724)
Amortisation and depreciation		(8,570)	(5,913)
Net foreign exchange differences		181	(226)
Other operational expenses	4	(11,390)	(8,563)
TOTAL EXPENSES		(36,000)	(29,426)
PROFIT/ (LOSS) BEFORE TAX		312	(4,749)
Income tax expense	5	(2,286)	(1,751)
LOSS AFTER TAX FOR THE HALF YEAR		(1,974)	(6,500)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(137)	49
Fair value (loss)/gain on cash flow hedges		(9)	119
Income tax associated with these items		3	(36)
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR		(2,117)	(6,368)
LOSS PER SHARE			
Basic loss per share for the half year (cents per share)		(0.47)	(1.67)
Diluted loss per share for the half year (cents per share)		(0.47)	(1.67)

The above consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	NOTES	31 DECEMBER 2018 $'000	30 JUNE 2018 $'000
CURRENT ASSETS			
Cash and cash equivalents	6	81,333	17,530
Trade receivables		16,248	10,116
Other current receivables		1,861	1,386
Other current assets		1,180	2,506
Current tax receivable		144	-
TOTAL CURRENT ASSETS		100,766	31,538
NON-CURRENT ASSETS			
Plant and equipment	7	13,387	11,983
Intangible assets	8	42,606	36,299
Deferred tax assets		3,794	2,667
TOTAL NON-CURRENT ASSETS		59,787	50,949
TOTAL ASSETS		160,553	82,487
CURRENT LIABILITIES			
Trade and other payables		3,288	1,525
Unearned income		39,242	33,911
Employee benefits		4,142	5,116
Current tax liability		-	337
Other current liabilities		4,255	2,711
TOTAL CURRENT LIABILITIES		50,927	43,600
NON-CURRENT LIABILITIES			
Deferred tax liabilities		10,786	8,554
Employee benefits		227	163
Other non-current liabilities		1,104	1,176
TOTAL NON-CURRENT LIABILITIES		12,117	9,893
TOTAL LIABILITIES		63,044	53,493
NET ASSETS		97,509	28,994
EQUITY			
Contributed equity	9	122,998	52,995
Reserves		13,358	12,983
Profits reserve		7,078	7,078
Accumulated losses		(45,925)	(44,062)
TOTAL EQUITY		97,509	28,994

The above consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 DECEMBER 2018 $'000	31 DECEMBER 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	37,022	27,986
Payments to suppliers and employees[1]	(35,209)	(31,358)
Interest received	189	204
Other receipts	21	21
Income taxes paid	(629)	(165)
NET CASH FROM/ (USED IN) OPERATING ACTIVITIES	1,394	(3,312)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(3,033)	(2,318)
Payments for development costs	(3,904)	(2,454)
Proceeds from sale of plant and equipment	14	79
Proceeds from sale of unlisted investments	150	-
NET CASH USED IN INVESTING ACTIVITIES	(6,773)	(4,693)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share offer	67,146	-
Proceeds from exercise of share options	2,102	439
Proceeds from repayment of share option loans	7	-
Payments for treasury shares	(108)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	69,147	439
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	63,768	(7,566)
Cash and cash equivalents at the beginning of the half year	17,530	28,338
Effect of movement of exchange rates on cash held	35	(130)
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR	81,333	20,642

[1]Includes capture costs in Australia and the US of $1,764k and $7,586k respectively (2017: $1,349k and $5,847k).

The above consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	NOTES	CONTRIBUTED EQUITY $'000	ACCUMULATED LOSSES $'000	PROFITS RESERVE $'000	SHARED BASED PAYMENTS RESERVE $'000	OTHER RESERVES $'000	TOTAL EQUITY $'000
AT 30 JUNE 2018		52,995	(44,062)	7,078	13,369	(386)	28,994
Adjustment on initial application of AASB 15	1	-	111	-	-	-	111
AT 1 JULY 2018	1	52,995	(43,951)	7,078	13,369	(386)	29,105
Loss for the period		-	(1,974)	-	-	-	(1,974)
Other comprehensive income:							
Changes in fair value of cash flow hedges (net of tax)		-	-	-	-	(6)	(6)
Exchange differences on translation of foreign operations		-	-	-	-	(137)	(137)
Total other comprehensive income		-	(1,974)	-	-	(143)	(2,117)
Transactions with owners of the Company:							
Share issue	9	68,002	-	-	-	-	68,002
Share options exercised	9	2,102	-	-	-	-	2,102
Share option loans exercised	9	7					7
Share based payment transactions		-	-	-	518	-	518
Treasury share allocation	9	(108)	-	-	-	-	(108)
AT 31 DECEMBER 2018		122,998	(45,925)	7,078	13,887	(529)	97,509
AT 1 JULY 2017		51,446	(33,033)	7,078	12,002	(335)	37,158
Loss for the period		-	(6,500)	-	-	-	(6,500)
Other comprehensive income:							
Changes in fair value of cash flow hedges (net of tax)		-	-	-	-	83	83
Exchange differences on translation of foreign operations		-	-	-	-	49	49
Total other comprehensive income		-	(6,500)	-	-	132	(6,368)
Transactions with owners of the Company:							
Share options exercised	9	439	-	-	-	-	439
Share based payment transactions		-	-	-	697	-	697
AT 31 DECEMBER 2017		51,885	(39,533)	7,078	12,699	(203)	31,926

The above consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION OF THE HALF YEAR FINANCIAL STATEMENTS

A. REPORTING ENTITY

Nearmap Ltd (the "Company") is a company domiciled in Australia. These consolidated interim financial statements for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activity of the Group during the course of the reporting period was online aerial photomapping via its 100% owned subsidiaries, Nearmap Australia Pty Ltd, Nearmap US, Inc and Nearmap Remote Sensing US, Inc.

B. STATEMENT OF COMPLIANCE

These condensed general-purpose financial statements for the half year reporting period ended 31 December 2018 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*. The half year consolidated financial statements of the Company also comply with IAS 134 Interim Financial Reporting.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual consolidated financial statements for the year ended 30 June 2018. These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These consolidated interim financial statements were approved by the Board of Directors on Wednesday, 20 February 2019.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated interim financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

C. JUDGEMENTS AND ESTIMATES

In preparing these consolidated interim financial statements, the Company makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the Company in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2018. The only exception is the change to revenue recognition for the Group's multi-year payment ramp contracts as a result of the adoption of AASB 15 Revenue by the Group effective 1 July 2018 which has been outlined in Section E.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION OF THE HALF YEAR FINANCIAL STATEMENTS (CONT.)

D. CHANGES IN ACCOUNTING POLICIES AND NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

AASB 16 Leases
The new standard replaces AASB 117 Leases and is mandatory for the Group's 30 June 2020 financial statements. It requires a lessee to recognise a right-of-use asset representing its rights to use the underlying lease asset and a lease liability representing its obligations to make lease payments other than short-term leases or leases of low value assets on balance sheet. The new standard will impact the Group's office facility operating leases which have terms greater than 12 months. The Company is in the process of assessing the impact of other service contracts. Based on an initial assessment, the impact of the application of the new standard is expected to be as follows:

- Total assets and total liabilities on the balance sheet will increase due to the requirement to recognise all off-balance sheet leases as a right to use the asset and liability. Net total assets will decrease as the capitalised asset will be amortised on a straight-line basis whereas the liability will decrease by the principal amount of any repayments. Net current assets will decrease as an element of the liability will be disclosed as a current liability;

- Operating lease costs included in operating expenses will be replaced by interest and depreciation charges. Interest expenses will increase due to the underwriting of the effective interest rate implicit in the lease. Interest expenses will be greater in the early life of a lease due to the higher principal value which causes profit variability over the course of a lease life. This effect may be partially mitigated by the number of leases held in the Group at different term stages;

- Operating cash flows will be higher as repayment of the principle portion of all lease liabilities will be classified under financing activities; and

- The Group expects to transition to the new standard following a modified retrospective approach. Using this approach, the Group will recognise the cumulative effects of applying AASB 16 as an adjustment to opening retained earnings in the period of initial application.

E. AMENDMENTS TO THE ACCOUNTING STANDARDS AND NEW INTERPRETATIONS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT REPORTING PERIOD

AASB 9 Financial Instruments
AASB 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The new standard replaces guidance in AASB 139 and became mandatory for the Group effective 1 July 2018. The new standard does not have a significant impact on the Group's accounting policies, classification or measurement of its financial instruments and therefore, no adjustment was required to the prior comparative reporting period as a result of adoption.

AASB 15 Revenue
AASB 15 establishes a comprehensive framework for the recognition of revenue from contracts with customers based on the principle that an entity should recognise revenue representing the transfer of promised goods or services as an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

Accounting policy – revenue recognition and measurement
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

E. AMENDMENTS TO THE ACCOUNTING STANDARDS AND NEW INTERPRETATIONS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT REPORTING PERIOD (CONT.)

AASB 15 Revenue (cont.)
The following specific revenue recognition criteria must also be met before revenue is recognised:

- Subscription revenue: is recognised over the life of the contract in line with when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, and the amount of revenue can be measured reliably. The timing of the transfer of risks and rewards varies depending on the individual terms of the subscription agreement. The majority of the Group's customers access images online through an annual subscription. Revenue recognition for these products remained unchanged as a result of the adoption by the Group of AASB 15. AASB 15 principally affects the timing of revenue recognition for the Group's multi-year payment ramp contracts. Prior to the adoption of AASB 15, the revenue for these contracts mirrored the billing cycle and was recognised over the duration of the contract. Applying AASB 15, revenue continues to be recognised over time and is calculated as the total contract value amortised over the contract period.

- On-demand revenue: is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to percentage area captured to date as a percentage of the total estimated capture area for each contract.

- Royalty income: is earned through third parties who sell Nearmap imagery on behalf of the Group. It is recognised when the contract of sale between the parties has been signed.

- Grant income: is the New South Wales payroll grant of $21k received from Office of State Revenue. It is recognised when incremental headcounts are hired for new jobs created.

- Interest income: is recognised as interest accrues using the effective interest method.

- Unearned revenue: prepaid amounts received from customers in advance are deferred to the relevant future subscription agreement periods. Unearned revenue comprises aerial imagery subscription license service fees charged, the revenue for which is primarily recognised in the profit or loss over the subscription period. Unearned revenue at 31 December 2018 was $ 39,242k (30 June 2018: $33,911k).

Impact of adoption
The Group has adopted AASB 15 effective 1 July 2018 using the modified retrospective approach. Using this approach, on initial application, the Group has recognised an adjustment to opening retained earnings. Accordingly, the information presented for the half year ended 31 December 2017 has not been restated and has been presented as previously reported under AASB 118 and related interpretations.

The following table summarises the impact of transition to AASB 15 on unearned income and accumulated losses as at 1 July 2018:

	AS REPORTED 30 JUNE 2018 $'000	AASB 15 TRANSITION ADJUSTMENTS $'000	ADJUSTED OPENING BALANCE 1 JULY 2018 $'000
Unearned income	33,911	(111)	33,800
TOTAL LIABILITIES IMPACT	33,911	(111)	33,800
Accumulated losses	(44,062)	111	(43,951)
TOTAL EQUITY IMPACT	(44,062)	111	(43,951)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

F. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied in the financial report for the year ended 30 June 2018 with the exception of those noted in Section E on the adoption of AASB 15 Revenue.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. SEGMENT INFORMATION

An overview of the operating segments is provided below:

SEGMENT	INFORMATION
ANZ	Responsible for all sales and marketing efforts in Australia and New Zealand (2017: Australia only).
United States	Responsible for all sales and marketing efforts in the United States.

Cost of revenue are all the costs directly attributable to the ongoing delivery of the subscription product, including amortisation of capture costs.

Sales and marketing costs include direct in-country costs.

A portion of general and administration costs, representing general operating expenses, remain unallocated in determining the segment contribution presented to the Chief Operating Decision Maker.

The assets and liabilities of the Group are reported and reviewed by the Chief Operating Decision Maker in total and are not allocated by operating segment. Operating segment assets and liabilities are therefore not disclosed.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

2. SEGMENT INFORMATION (CONT.)

	ANZ	UNITED STATES	UNALLOCATED	TOTAL
	$'000	$'000	$'000	$'000
6 MONTHS ENDED 31 DECEMBER 2018				
Total revenue and other income	25,719	9,767	826	36,312
Cost of revenue[1]	(1,405)	(4,840)	-	(6,245)
GROSS PROFIT	24,314	4,927	826	30,067
Sales & marketing	(5,279)	(7,395)	-	(12,674)
General & administration[2]	(4,196)	(4,259)	(5,119)	(13,574)
SEGMENT CONTRIBUTION	14,839	(6,727)	(4,293)	3,819
Amortisation & depreciation[3]				(3,686)
Interest expense				(2)
FX gain				181
PROFIT BEFORE TAX				312
Income tax expense				(2,286)
LOSS AFTER TAX				(1,974)

	AUSTRALIA	UNITED STATES	UNALLOCATED	TOTAL
	$'000	$'000	$'000	$'000
6 MONTHS ENDED 31 DECEMBER 2017				
Total revenue and other income	20,623	3,790	264	24,677
Cost of revenue[1]	(1,268)	(3,715)	-	(4,983)
GROSS PROFIT	19,355	75	264	19,694
Sales & marketing	(4,574)	(6,163)	-	(10,737)
General & administration[2]	(3,383)	(3,264)	(3,949)	(10,596)
SEGMENT CONTRIBUTION	11,398	(9,352)	(3,685)	(1,639)
Amortisation & depreciation[3]				(2,883)
Interest expense				(1)
FX loss				(226)
LOSS BEFORE TAX				(4,749)
Income tax expense				(1,751)
LOSS AFTER TAX				(6,500)

[1]Includes amortisation of capitalised capture costs.
[2]Includes depreciation of local supporting assets e.g. furniture and fittings.
[3]Includes amortisation and depreciation of business combination & corporate assets.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

3. TOTAL REVENUE AND OTHER INCOME

DISAGGREGATION OF REVENUE

	31 DECEMBER 2018 $'000	31 DECEMBER 2017 $'000
TYPES OF REVENUE AND OTHER INCOME		
Subscription revenue	35,138	24,364
On-demand revenue	35	-
Royalty income	313	49
	35,486	24,413
Interest income	647	199
Grant income	21	21
Gain on disposal of assets	8	44
Gain on sale of unlisted investments	150	-
	826	264
TOTAL REVENUE AND OTHER INCOME	36,312	24,677
PRIMARY GEOGRAPHICAL MARKETS		
ANZ	25,719	20,623
United States	9,767	3,790
Unallocated	826	264
TOTAL REVENUE AND OTHER INCOME	36,312	24,677
SUBSCRIPTION REVENUE BY INDUSTRY		
Architecture, Construction & Engineering	10,084	7,909
Commercial/Other	7,256	3,976
Government	5,144	3,840
Utilities	4,776	3,738
Insurance & Property	4,434	2,385
Solar	3,444	2,516
TOTAL SUBSCRIPTION REVENUE	35,138	24,364

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

4. OTHER OPERATIONAL EXPENSES

	31 DECEMBER 2018 $'000	31 DECEMBER 2017 $'000
Servicing and processing costs	2,103	1,940
Marketing costs	2,285	1,658
Travel and office costs	2,384	1,539
Subscription fees	984	1,012
Audit, consulting and legal fees	1,230	765
Operating lease expenses	1,067	581
Insurance costs	285	163
All other operating expenses	1,052	905
TOTAL OTHER OPERATIONAL EXPENSES	11,390	8,563

5. TAX EXPENSE

The Group has an unrecognised deferred tax asset of $14,378k in respect of US tax losses as at 31 December 2018 (2017: $8,985k).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

6. CASH AND CASH EQUIVALENTS

	31 DECEMBER 2018 $'000	30 JUNE 2018 $'000
Cash at bank and on hand	5,089	6,792
Short term deposits at call	76,244	10,738
TOTAL CASH AND CASH EQUIVALENTS	81,333	17,530

7. PLANT AND EQUIPMENT

	TOTAL $'000
HALF YEAR ENDED 31 DECEMBER 2018	
Opening net book value	11,983
Additions	3,033
Disposals	(6)
Depreciation	(1,623)
CLOSING NET BOOK VALUE	13,387
AT 31 DECEMBER 2018	
Cost	25,912
Accumulated depreciation	(12,525)
CLOSING NET BOOK VALUE	13,387
YEAR ENDED 30 JUNE 2018	
Opening net book value	10,610
Additions	4,121
Disposals	(153)
Depreciation	(2,595)
CLOSING NET BOOK VALUE	11,983
AT 30 JUNE 2018	
Cost	23,061
Accumulated depreciation	(11,078)
CLOSING NET BOOK VALUE	11,983

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

8. INTANGIBLE ASSETS

	GOODWILL $'000	DEVELOPMENT COSTS $'000	CAPTURE COSTS $'000	OTHER $'000	TOTAL $'000
HALF YEAR ENDED 31 DECEMBER 2018					
Opening net book value	135	8,029	27,904	231	36,299
Additions	-	3,803	9,350	101	13,254
Amortisation	-	(2,322)	(4,527)	(98)	(6,947)
CLOSING NET BOOK VALUE	135	9,510	32,727	234	42,606
AT 31 DECEMBER 2018					
Cost	135	26,764	49,976	1,750	78,625
Accumulated amortisation	-	(17,254)	(17,249)	(1,516)	(36,019)
CLOSING NET BOOK VALUE	135	9,510	32,727	234	42,606
YEAR ENDED 30 JUNE 2018					
Opening net book value	135	6,219	17,878	592	24,824
Additions	-	5,651	16,467	19	22,137
Amortisation	-	(3,841)	(6,441)	(380)	(10,662)
CLOSING NET BOOK VALUE	135	8,029	27,904	231	36,299
AT 30 JUNE 2018					
Cost	135	22,961	40,627	1,650	65,373
Accumulated amortisation	-	(14,932)	(12,723)	(1,419)	(29,074)
CLOSING NET BOOK VALUE	135	8,029	27,904	231	36,299

9. CONTRIBUTED EQUITY

	31 DECEMBER 2018 $'000	30 JUNE 2018 $'000
444,562,928 ordinary shares (30 June 2018: 394,109,855)	122,998	52,995

Securities issued – issue of ordinary shares during the half year:

	2018	
MOVEMENT IN SHARES ON ISSUE	NUMBER OF SHARES	$'000
BALANCE AT THE BEGINNING OF THE HALF YEAR	394,019,855	52,995
Issue of shares during the half year	43,750,000	68,002
Issued from exercise of share options	3,451,394	2,102
Issued from exercise of share option loans	3,341,679	-
Repayment of share option loans	-	7
Treasury shares	-	(108)
BALANCE AT THE END OF THE HALF YEAR	444,562,928	122,998

On 7 September 2018, the Company completed a $70m capital raising (before costs), through a fully underwritten institutional placement of 43,750,000 new fully paid ordinary shares at the offer price of $1.60. The Company incurred $1,998k in transaction costs, which have been recorded in equity net of tax.

The Company introduced an employee matching share rights plan during the half year ended 31 December 2018. The balance of $108k at 31 December 2018 relates to shares purchased under the plan which have been issued to participants and will convert to ordinary shares at the end of the vesting period.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

10. MOVEMENT IN SHARE OPTIONS – SHARE BASED PAYMENTS

	2018	2017
NUMBER OF OPTIONS OUTSTANDING AT THE BEGINNING OF THE HALF YEAR	23,668,600	34,300,921
Options lapsed	(1,397,250)	(8,891,667)
Options exercised – cash payments	(3,451,394)	(1,283,333)
Options exercised – loans granted	(3,341,679)	(1,000,000)
Options granted	4,339,095	4,498,990
TOTAL NUMBER OF OPTIONS OUTSTANDING AT THE END OF THE HALF YEAR	19,817,372	27,624,911

The estimated fair value at grant date of the options granted for the period ended 31 December 2018 was between 49 cents per share and 56 cents per share (2017: 28 cents per share). The fair value at grant date is measured using a Black-Scholes, Binomial or Monte Carlo option pricing model depending on the terms and conditions of each option, that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of the dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

11. FINANCIAL INSTRUMENTS

Carrying amounts versus fair values

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

31 DECEMBER 2018	CARRYING AMOUNT $'000	FAIR VALUE $'000
FINANCIAL ASSETS		
Cash and cash equivalents	81,333	81,333
Trade and other receivables	16,248	16,248
FINANCIAL LIABILITIES		
Trade and other payables	3,288	3,288
Employee benefits	4,369	4,369
Other current liabilities	4,255	4,255

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

11. FINANCIAL INSTRUMENTS (CONT.)

Financial instruments carried at fair value
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of these instruments are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period in which the transfer has occurred. There were no transfers between levels of the fair value hierarchy during the six months ended 31 December 2018.

The fair value measurement principles adopted in this report are consistent with those disclosed in the consolidated financial statements for the year ended 30 June 2018 and the Group's adoption of AASB 9 Financial Instruments has not impacted measurement principles. The carrying value less impairment provision of trade receivables, payables and current employee benefits are assumed to approximate their fair values due to their short-term nature. The fair value of non-current employee benefits for disclosure purposes is based predominantly on the service cost since employment commencement date (Level 3).

Derivative Financial Instruments and Hedge Accounting
The Group holds derivative financial instruments to hedge its foreign currency risk exposures. These derivative instruments are designated as cash flow hedging instruments. The effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivatives is immediately recognised in profit or loss. The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

The forward exchange contracts and option contracts used by the Group are not quoted in active markets as they are not traded on a recognised exchange. Instead the Group uses valuation techniques (present value techniques). These valuation techniques use both observable and unobservable market inputs. As these financial instruments use valuation techniques with unobservable inputs that are not significant to the overall valuation, these instruments are included in Level 2 of the fair value hierarchy.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

12. RELATED PARTIES

Financial assistance under the Employee Share Option Plan
Nearmap's Employee Share Option Plan includes an Employee Loan Scheme that permits Nearmap to grant financial assistance to employees by way of loan to enable them to exercise options and acquire shares.

Transactions with key management personnel
Unsecured loans were provided to the following recipients during the six months ended 31 December 2018 (2017: $560,000):

- Rob Newman ($1,973,333); and
- Shane Preston ($165,340).

13. CONTINGENT LIABILITIES

As at 31 December 2018, except for a bank guarantee of $1,300k, the Directors are not aware of any contingent liabilities in relation to the Company or the Group.

14. SUBSEQUENT EVENTS

As at the date of this report, no matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 4 to 20 are in accordance with the Corporations Act 2001, including:

(i) complying with AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that Nearmap Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Dr Rob Newman
CEO & Managing Director
Sydney, 20 February 2019

Independent Auditor's Review Report

To the shareholders of Nearmap Ltd

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Nearmap Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Nearmap Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2018
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Nearmap Ltd (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

The ***Half-year*** is the 6 months ended on 31 December 2018.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group’s financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Nearmap Ltd, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Caoimhe Toouli

KPMG

Caoimhe Toouli
Partner

Sydney
20 February 2019